

September 28, 2007

Eric A. Cioppa, Acting Superintendent
Attn: Vanessa J. Leon (Docket No. INS-07-1000)
Bureau of Insurance
Maine Dept. of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034

Re: Anthem BCBS 2008 Individual Rate Filing for HealthChoice

Dear Acting Superintendent Cioppa:

Enclosed for filing please find two hard copies of the following:

SUBMITTED BY: Christina M. Moylan, AAG
DATE: September 28, 2007
DOCUMENT TITLE: Second Information Request of the Attorney General
DOCUMENT TYPE: Information Request
CONFIDENTIAL: No

Copies are also being served this date in the manner indicated on the enclosed Certificate of Service.

Sincerely,

/s/ Christina M. Moylan

CHRISTINA M. MOYLAN
Assistant Attorney General
207/626-8838
christina.moylan@maine.gov

CMM/s

Enc.

c: Thomas C. Sturtevant, Jr., AAG
Christopher T. Roach, Esq.
Judith M. Shaw, Deputy Superintendent
James Bowie, AAG
Joseph P. Ditre, Esq.

**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

IN RE:

ANTHEM BLUE CROSS
AND BLUE SHIELD 2008
INDIVIDUAL RATE FILING
FOR HEALTH CHOICE AND
HEALTHCHOICE STANDARD
AND BASIC PRODUCTS

Docket No. INS-07-1000

**SECOND INFORMATION REQUEST
OF THE ATTORNEY GENERAL**

NON-CONFIDENTIAL

To: Christopher T. Roach, Esq.
Pierce Atwood
One Monument Square
Portland, ME 04101

Pursuant to Bureau of Insurance Rules, Chapter 350, § 10(B), the Attorney General serves the following informational request upon Anthem Blue Cross and Blue Shield (“Anthem BCBS”). If any of the information sought hereby is not known by Anthem BCBS but is known by other persons and is obtainable by reasonable means, then Anthem BCBS is requested to obtain and provide that information. The Attorney General further asks that Anthem supplement its response immediately, should additional information become available after its initial response to this request. All references to the filing are to the non-confidential version.

1. Please provide the 1 month moving claims data underlying the 12 month moving claims data shown in Exhibit VI of the rate filing.
2. Please provide the 1 month moving claims data requested above with the removal of claims in excess of \$100,000. Please exclude only the amount of cumulative claims over \$100,000 (for example, a person with \$150,000 in claims for the year should have \$50,000 removed from the data).
3. As to your response to question 5 of the AG’s 1st Informational Request, have the claims per contract per month (pcpm) shown been age adjusted? If not, please provide the claims pcpm after they have been age adjusted.
4. Given that the projected experience for calendar year 2007 has a loss ratio about equal to the target loss ratio for 2008, if the inherent deductible underlying the trend analysis for the projection period is about \$8,300 (Anthem’s Response to AG’s 1st Informational Request #2), why is the rate increase requested for the \$5,000 deductible plan (on average 21.4%) so much

higher than the 15.2% trend? We would expect the rate increase for this benefit plan to be slightly under 15.2% after deductible leveraging is taken into account.

5. It appears that the \$5,000 deductible plan has the highest rate increase of all benefit plans offered. Since the benefit plans themselves do not have enough experience to be credible, we would expect that the increases requested would follow a pattern similar to the impact of the deductible leveraging in the trend. In other words, we would expect the plan with the largest level deductible to have the highest rate increase due to deductible leveraging. Please explain why this is not the case.

6. Please provide the numerical development of the two adult / children rate for the \$5,000 deductible non-mandated plan for the age band 55-64. In the rate filing it is hard-coded as \$1,038.98 (Ex. III, p. 10). Anthem's response to question 4 of the AG's First Informational Request *describes the process* used to develop this number without providing the actual development.

7. In the demonstration shown in Exhibit IV that the current rates comply with Rule 940, why do the benefit plans in the second two groups of plans (starting with \$2,250 deductible plan) use a factor of 2.0 to determine the maximum allowable rate rule while the plans in the first group (starting with \$150/\$1,000) use a factor of 2.65? Are these the factors to convert the single deductible to the inherent deductible for the two adult / child rates? If yes, why didn't Anthem use the proposed contract type factor of 2.53 for this analysis?

8. We have generated the analysis in the table below, which we believe uses a methodology similar to the one shown in Exhibit IV for a couple of additional age bands and contract types. This analysis shows the proposed rates would not meet the requirements of Rule 940. Please review this analysis and state whether the results are consistent with those that would be generated using the methodology you used in Exhibit IV. If they are, please explain why the requested rates are appropriate.

Deductible/Coinsurance, Maximum Anthem Liability	Proposed Age 55 to 64 Single Contract Effective January 1, 2008	Annual Rule 940 Maximum Allowable Rate Difference	Monthly Rule 940 Maximum Allowable Rate Difference	Proposed Differential	Rule 940 Exemption Cost Sharing Based Utilization Adjustment	Pass/Fail
\$150/\$1000	\$ 888.44	\$ 150.00	\$ 12.50	\$ 13.08	1.1%	fail
\$300/\$1000	865.69	200.00	16.67	17.45	1.6%	fail
\$500/\$1000	834.61	250.00	20.83	21.81	1.0%	fail
\$750/\$1000	804.54	250.00	20.83	21.82	1.1%	fail
\$1000/\$1000	773.97	1,000.00	83.33	87.27	4.4%	fail
\$2000/\$1000 compare to \$4000/\$1000	654.08	2,000.00	166.67			

Deductible/Coinsurance, Maximum Anthem Liability	Proposed Age 55 to 64 Two Adult Family Effective January 1, 2008	Annual Rule 940 Maximum Allowable Rate Difference	Monthly Rule 940 Maximum Allowable Rate Difference	Proposed Differential	Rule 940 Exemption Cost Sharing Based Utilization Adjustment	Pass/Fail
\$150/\$1000	\$ 2,247.76	\$ 397.50	\$ 33.13	\$ 33.10	1.1%	pass
\$300/\$1000	2,190.20	530.00	44.17	44.14	1.6%	pass
\$500/\$1000	2,111.57	662.50	55.21	55.18	1.0%	pass
\$750/\$1000	2,035.48	662.50	55.21	55.18	1.1%	pass
\$1000/\$1000	1,958.15	2,650.00	220.83	220.80	4.4%	pass
\$2000/\$1000 compare to \$4000/\$1000	1,654.82	5,300.00	441.67			

Deductible/Coinsurance, <u>Maximum Anthem Liability</u>	Proposed Age 65+ Two Adult Family <u>Effective January 1, 2008</u>	Annual Rule 940 Maximum Allowable <u>Rate Difference</u>	Monthly Rule 940 Maximum Allowable <u>Rate Difference</u>	Proposed <u>Differential</u>	Rule 940 Exemption Cost Sharing Based <u>Utilization Adjustment</u>	<u>Pass/Fail</u>
\$150/\$1000	\$ 2,809.70	\$ 397.50	\$33.13	\$ 41.38	1.1%	fail
\$300/\$1000	2,737.75	530.00	\$44.17	55.18	1.6%	fail
\$500/\$1000	2,639.46	662.50	\$55.21	68.98	1.0%	fail
\$750/\$1000	2,544.35	662.50	\$55.21	68.98	1.1%	fail
\$1000/\$1000	2,447.69	2,650.00	\$220.83	276.00	4.4%	fail
\$2000/\$1000 compare to \$4000/\$1000	2,068.53	5,300.00	\$441.67			

Dated: September 28, 2007

Christina M. Moylan
 CHRISTINA M. MOYLAN
 Assistant Attorney General
 6 State House Station
 Augusta, Maine 04333-0006
 Counsel for Attorney General

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

In re:)	
)	
ANTHEM BLUE CROSS AND BLUE)	
SHIELD 2007 INDIVIDUAL RATE)	CERTIFICATE OF SERVICE
FILING FOR HEALTHCHOICE AND)	
HEALTHCHOICE STANDARD AND)	
BASIC PRODUCTS)	
Docket No. INS-07-1000)	

The undersigned counsel for the Attorney General hereby certifies that on this date I caused to be mailed by electronic mail, hand-delivery or United States first class mail, postage prepaid, as indicated, copies of the Second Information Request of the Attorney General upon the persons and at the addresses indicated below.

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Dated: September 28, 2007

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